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Kennecott

Paula H. Doughty
Director, Environmental Affairs

January 17, 2005

RECEIVED

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DIV. OF OIL, GAS & MINING

Ms. Susan White
Minerals Reclamation Program
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah

Subject: Clarification of Current and Upcoming Projects at Kennecott Utah Copper Corporation (KUCC)

Dear Ms. White:

On August 5, 2005, Kennecott Utah Copper Corporation (KUCC) sent a letter to notify the Division of Oil, Gas and Mining (DOGM) of current and upcoming projects at KUCC that have been funded for implementation as part of the continuation of existing operations within the permitted disturbed acreages. On September 8, 2005, DOGM sent a response to KUCC indicating that activities described in the August 5, 2005 notification letter will require modification to the current mining and reclamation plans for the Bingham Canyon Mine and North Tailings Impoundment.

KUCC has reviewed the current mining and reclamation plans for the Bingham Canyon Mine and North Tailings Impoundment and concluded that all projects described in our August 5, 2005 notification letter are consistent with these plans and no formal plan updates should be required. The purpose of this letter is to clarify the relationship of each project to current mining and reclamation plans. KUCC is committed to working cooperatively with DOGM staff to provide information necessary to resolve a mutual understanding of these current and upcoming projects.

Giant Leap East 1 Project

Operations and final closure of the Bingham Canyon Mine are governed by the terms and conditions of the 1978 Mining and Reclamation Contract. This contract predates the R647 rules. All activities associated with the Giant Leap East 1 Project are authorized under the Board approved 1978 Mining and Reclamation Contract and will occur within permitted disturbance areas as a continuation of open pit mining operations.

In the 1978 Mining and Reclamation Contract, the permitted areas are divided into seven operational land use categories with specific maximum disturbed areas within each category. 1) Mine – 3100 acres, 2) Mine Waste Disposal – 8000 acres, 3) Excess Mine Water Disposal – 2700 acres, 4) Ore Transfer – Mine to Process – 400 acres, 5) Ore Processing Facilities – 1800 acres, 6) Tailings Disposal – 6000 acres, and 7) Excess Process Water Disposal – 1000 acres.

The Bingham Canyon Mine 2003 Reclamation and Water Management Plan (DOGM Permit Number M/035/002) was submitted to DOGM in March 2003 to provide additional details to supplement the original 1978 Mining and Reclamation Contract. Our August 5, 2005 notification letter was also intended to keep DOGM informed of projects and activities in the Bingham Canyon Mine.

An updated map showing the approximate locations of mine cuts and the approximate locations of waste rock placement after completion of the Giant Leap East 1 Project is provided in Attachment 1. The locations and acreages continue to remain within the permitted areas of disturbance and permit boundary noted in the 1978 Mining and Reclamation Contract. KUCC proposes that this updated map be added to DOGM File Number M/035/002.

North Tailings Embankment Drainage Blanket Project

Operations and final closure of the North Tailings Impoundment are governed by the terms and conditions of the Reclamation Contract for the Kennecott Utah Copper Corporation Tailings Modernization Project – North Impoundment Expansion (DOGM Permit Number M/035/015) issued in 1996. This contract incorporates the Notice of Intent for North Tailings Impoundment Expansion by reference.

The Notice of Intent described a phased construction of the North Tailings Impoundment. The optimized Phase 2 finger drain system described in our August 2, 2005 notification letter meets the geotechnical design criteria in the original Notice of Intent submitted in 1996. The optimized under-drain design was reviewed and approved by the Utah State Engineer's Office in March 2004. Construction of Phase 2 remains within the existing footprint of the impoundment and will not increase the maximum permitted disturbed area allocated for the North Tailings Impoundment (3,334 acres).

The original Notice of Intent submitted in 1996 provides a brief general description of the drainage blanket, but does not specify any engineering details relating to the drainage blanket configuration. The drainage blanket is described in Volume 1 on page 6 (Attachment A, Revision H), a schematic of a typical cross section is shown in Figure 7 (Attachment A, Revision H), and the embankment footprint is shown in Attachment B, Figure 1-2.

The configuration of the optimized drainage blanket is consistent with the brief general drainage blanket description and footprint provided in the original Notice of Intent submitted in 1996. Information provided in our August 5, 2005 notification letter was

intended to add supplemental detail to clarify that the outer 450 feet of the 1080-foot drainage blanket system consists of 3-foot thick by 50-foot wide finger drains spaced on 150-foot centers. The drain fingers will be tied into the existing Phase I drainage blanket system.

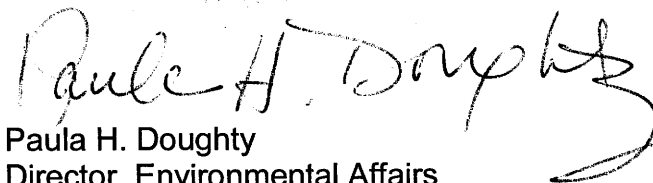
Because the original Notice of Intent submitted in 1996 does not specify any engineering details relating to the drainage blanket configuration, and because the optimized drainage blanket design is consistent with general drainage blanket description and footprint area described in the current plan, no update to DOGM Permit Number M/035/015 is required.

Planned Demolition Activities

The demolition projects identified in the August 5, 2005 notification letter are being implemented as ongoing reclamation efforts pursuant to the existing reclamation plan and contract. As such, no permitting requirements will be triggered by implementation of these reclamation projects.

If you have any questions relating to information submitted in this letter, please contact me at 569-7120.

Sincerely,

A handwritten signature in black ink, appearing to read "Paula H. Doughty", with a long, sweeping horizontal line extending to the right.

Paula H. Doughty
Director, Environmental Affairs

Attachment

cc: Doug Jensen